

Meeting	OLC Board	Agenda Item No.	3
		Paper No.	120.2B
Date of meeting	26 May 2022	Time required	15 mins

Title	People Report
Sponsor	Debbie Wright, Head of People Strategy & Services
Status	OFFICIAL

Executive summary
<p>This paper provides an update on the following areas of LeO's people-related activity:</p> <p><u>Recruitment</u></p> <p>This section provides an update on the latest recruitment activity, including recruitment to the Cardiff hub: a combination of Operational and Corporate roles has been advertised and TMP has been re-engaged to co-ordinate the advertising process. Birmingham-based recruitment is also continuing, with the vacant roles within the new HR structure currently out to advert. Following a tender process Gatenby Sanderson has been engaged to lead the executive search process for the new Chief Operating Officer. We await MOJ Permanent Secretary approval to initiate recruitment but are progressing this with Gatenby Sanderson in anticipation of approval.</p> <p>Appendix 1 provides an overview of recruitment activity from 1 April to 17 May 2022. Recruitment activity for the business year April 2021 – March 2022 is also included for information.</p> <p><u>HR metrics</u></p> <p>This section highlights an increase in overall attrition to 26.3%, an increase of 1.9% since March 2022. Investigator attrition has increased to 27.7%, a 3.5% increase since March.</p> <p>The number of days of sickness absence have increased slightly to an average of 16.23 days per employee in a rolling year.</p> <p>Absence due to mental health issues was the main reason for sickness absence in April but was still lower than the figure for March 2022 (103 days, compared to 140.5 in March). The time taken to fill vacancies fell slightly to 12.7 weeks in April.</p> <p>Headline data is shown in Appendix 2.</p> <p><u>Benchmarking</u></p> <p>An external benchmarking exercise is underway to evaluate the degree to which LeO's salaries are competitive compared to other employers. CELRE Consultancy Ltd were commissioned to carry out a market pay benchmarking exercise for LeO, using both national and regional comparators – this has now been completed for Operations roles, Corporate are</p>

ongoing. On completion of the Corporate benchmarking exercise the full set of data will be analysed in detail and shared with the Executive team and RemCo, with findings considered alongside a review of LeO's total reward and recognition strategy.

EDI update

The EDI manager has provided an update on analysis of recruitment data for Board members' information. This section outlines the current position in relation to EDI recruitment data, and proposes a project management approach to the development and accessibility of this data going forward.

Update on key HR priorities/activities

This section provides an update on the decision to outsource LeO's payroll in response to the recent GIAA audit and increase efficiencies within the HR team. Information is also provided on interim arrangements to support HR activity pending recruitment to the new HR posts, which includes engagement of a senior HR consultant via LeO's employment law advisers, Mills and Reeve.

Recommendation/action required

Board is asked to **note** the People Report.

PEOPLE REPORT – MAY 2022

1. Introduction

- 1.1 This report provides an update on key people-related activity as at 17 May 2022.

2. Recruitment

- 2.1 The HR team continues to support significant recruitment activity at the current time, across both the Operational Delivery and Corporate areas. Appendix 1 provides a summary of recruitment activity from 1 April 2022 to 17 May 2022. Recruitment activity for the business year April 2021 – March 2022 is also included for information.
- 2.2 The first campaign targeted at recruitment specifically for the Cardiff hub went live at the end of March. TMP, the external recruitment partner with whom we worked for the national investigator recruitment campaign, was re-engaged to support the advertising process for a number of Operational and Corporate roles to be based at the hub. At the time of writing this paper 110 applications had been received for the Investigator role; 40 individuals have been shortlisted and invited to the assessment and interview process which will take place during week commencing 16 May. Given this number it is anticipated we will be able to recruit 8-12 additional Investigators. Of the Corporate roles advertised, 15 applications were received for the Quality Manager vacancy, of whom 4 have been shortlisted for interview; 25 applications were received for the Quality Officer vacancy, of whom 4 have been shortlisted for interview. There were 13 applications received for the Project Manager vacancy, with 3 being shortlisted for interview (dates to be confirmed).
- 2.3 Birmingham-based recruitment is continuing. At the time of writing this paper the new HR roles are being advertised (see section 5.2 below for further information). Recent internal recruitment activity has seen one secondment to the Quality Manager role (pending appointment to the permanent Cardiff position) and the promotion of 2 Level 1 Ombudsmen to Level 2 Ombudsman posts.
- 2.4 Following a tendering process Gatenby Sanderson has been engaged to lead the executive search process for the Chief Operating Officer post, which is expected to go live shortly. Arrangements for interim cover following the current postholder's exit from the business in mid-July are being finalised. We await the required approval to recruit for this role from the MOJ Permanent Secretary following approvals by MOJ HR and Finance Business Partners and MOJ COO over the last two months.

2.5 By way of a general recruitment update, the recent GIAA recruitment audit has now been completed and the findings reported at the recent ARAC meeting. There were a number of points/recommendations arising from the audit which had been previously identified as actions to address, and have been reported to Board members previously as part of People Strategy updates. Concern was expressed at the ARAC meeting in relation to DBS checks; the current position with new recruits and those about to join the business has been reviewed and assurance can be given that DBS checks for all have been completed or are in progress. Going forward, the Head of People Strategy and Services has indicated in the management response to the audit the commitment to review recruitment policy and associated processes within agreed timescales. Although not compulsory, it is also our intention to sign up to the Baseline Personnel Security Standard (BPSS) in relation to all pre-employment checks (not just DBS) to ensure best practice.

3 HR Metrics

3.1 Appendix 2 details headline HR metrics. Key points to note are:

- **Attrition** continues to increase and now stands at 26.3%. During March and April 14 permanent staff left the business, all of whom were from Operational roles: 2 Ombudsman, 2 GET and 10 Investigators – 4 of whom were new national recruits on 100% working from home contracts. They cited their reason for leaving as having underestimated the isolation element of working from home, having come from office-based roles previously. Of the remaining 10 staff, 4 were 'non-regretted'; 1 resigned after a sustained period of long-term sick leave, and 3 resigned as a result of informal and formal conversations about poor performance and/or behaviours. Although the Ombudsman leavers resigned from their permanent roles and were regretted, we have retained their services via the ombudsman pool.
- At the time of writing this paper there have been 5 Investigator resignations received in May, two of whom have resigned due to performance issues during probation.
- Corporate attrition reduced by 3% in April to 30%. There were 3 voluntary resignations in March, 1 non-voluntary. There were no Corporate leavers in April.
- Board members will be aware that reducing attrition rates across the business is a key priority for LeO going into the 2022/23 business year. As advised previously, there are a number of factors likely to be impacting on attrition, including a buoyant job market and increased flexibility for employees; the increase in 100% homeworking opportunities has meant that job location is no longer an issue for job applicants, therefore widening the job options available to jobseekers and shifting the labour market from local to national. Having

salaries and terms and conditions that are not competitive compared to other employers, which is the case for both operational and corporate roles currently, will also impact attrition – 3 Investigators have left the business to take up roles with the SRA, on higher salaries.

- The impact of LeO's continued focus on operational performance variation will also have resulted in some employees leaving the business, therefore impacting attrition rates. This trend is likely to continue - currently LeO has engaged an HR consultant to provide additional resource to the HR team pending appointment to the permanent HR posts; her focus is specifically on supporting managers with complex employee casework, including performance issues.
- It is important to note that increasing attrition rates are not unique to LeO. LeO's employment law advisers, Mills and Reeve, have reported that other clients are facing challenges with recruitment and retention of staff. Colleagues from the Ombudsman Association HR Network have reported issues with recruitment and increasing levels of attrition and sick leave, and other regulators have also seen an increase in attrition: e.g., as at January 2022, Ofgem attrition rates stood at 23.6%, an increase of 8.6% over a two-year period; attrition rates at CMA and the Pensions Regulator increased from 11% to 17% and 6% to 13.1% respectively over the same period.
- Attrition should not be considered as necessarily 'unhealthy'; some attrition is healthy and necessary, as all organisations need 'new blood' and role circulation in order to make space for internal development and meet EDI targets. That said, we do acknowledge the challenge that increasing attrition rates present to the business. The 2022/23 People Strategy identifies the need to reduce attrition as one of its headline themes; the following are some of the priorities within it aimed at improving our approach to employee attraction, recruitment and retention:
 - Development of a whole business recruitment and retention strategy
 - End-to-end review of the recruitment process and candidate journey
 - Continued development of LeO's hub strategy
 - Completion of the benchmarking exercise of LeO's terms and conditions of employment (e.g. salaries, annual leave) to provide comparisons with other employers/competitors
 - Development of a total reward and recognition strategy (to include a review of the Celebrating Success scheme)
 - Implementation of the new Developmental Performance Management Framework and associated policies, including Personal Development Reviews (PDRs) to assist in addressing performance variation where

necessary, recognise and reward excellence and support employees' development and career aspirations

- Development and implementation of a new leadership and management development programme for current and aspiring managers (to include people management skills and EDI)
 - Development and implementation of a planned training and development offer to promote individual and team development, linked to strategic objectives, outcomes of PDRs and findings of training needs analysis
 - Development of a talent management and succession planning strategy
 - Development of a wider employee engagement strategy
 - Actions to address issues identified within the latest People Survey which may be impacting retention, which are incorporated within the People Strategy action plan
 - Continued promotion of health and wellbeing through a range of wellbeing initiatives and engagement activities, including support from the Wellbeing Champions, Employee Assistance Programme, workshops, 'Buddy Circles' and the development of an ongoing wellbeing programme.
- **The time taken to fill vacancies** has reduced to 12.7 weeks in April from 13.4 weeks in March. As indicated above, an end-to-end review of recruitment and induction is planned as part of the 2022/23 People Strategy which will focus on improving the candidate journey and efficiency of the recruitment process. Further reporting will be developed to focus on the time-to-fill from advert to offer, which will be broken down by Operations, Corporate and the Investigator cohort.
- **Sickness absence levels** have increased slightly in April to an average of 16.23 days of sickness per employee in a rolling year. Of the 322.5 days of sickness absence, 189 (58.6%) were lost as a result of the long-term sickness of 12 individuals, 7 of whom are Investigators.
- Absence due to mental health issues was the main reason for sickness absence in April but was still lower than the figure for March 2022 (103 days, compared to 140.5 in March). Eight individuals were absent for this reason, 6 of whom were investigators. Of these 8 colleagues, 5 were on long-term sick leave (i.e., 28 days or more) with symptoms of poor mental health.
- As noted in previous reports, mental health has been, and continues to be a focus for LeO. Over the last 5 months a number of activities have taken

place: a series of workshops was delivered by an external provider (Bailey and French); these focused on individuals' wellbeing following the pressures of the pandemic in both working and personal lives. Building on the wellbeing workshops, feedback and EDI consultation, throughout January LeO ran a wellbeing 'spotlight' initiative, which included signposting to wellbeing apps; introducing 'buddy circles' where colleagues meet to share resources and support each other on health and wellbeing issues; and a series of blogs and articles on the subject of mental health and available support. In recognition of the impact of the distressing situation in Ukraine, colleagues were signposted to the Employee Assistance Programme (EAP) to access support if needed. Free counselling support is available to colleagues via the EAP on an ongoing basis. A health and safety and well-being day is currently under development between HR and the Facilities team to raise awareness and promote the support available.

- Sickness absence due to Covid fell significantly in April (75 days, 145 days in March). Absence due to surgery remained static (42 days in April, 49 days in March). The cost of sickness absence in April was £37,911, compared to £44,955 in March.
- As part of a wider approach to addressing the concerning levels of sickness absence, the current absence management policy (including absence 'triggers') and absence processes were reviewed to ensure a more rigorous policy and process that are fit for purpose and reflect good absence management practice. Training for managers on the application of the policy and the effective management of absence-related issues is currently in progress.
- Sickness absence reporting via the HR system (CIPHR) is also limited and needs to be reviewed to improve availability of the reports available to HR and managers in order to facilitate timely absence intervention and provide a fuller picture of absence to identify trends and potential 'hot-spots'. This work will form part of a wider review of HR management information, following the appointment of the Senior HR Services Business Partner.

4. Pay Benchmarking: Initial Findings

- 4.1 Board members will be aware from previous papers that an external pay benchmarking exercise had commenced to evaluate the degree to which LeO's salaries were competitive compared to other employers. CELRE Consultancy Ltd were commissioned to carry out a market pay benchmarking exercise for LeO, using both national and regional comparators.
- 4.2 By way of context, LeO's current pay policy sets out that our pay scales (which are not Civil Service) are based on a market rate for each grade. The market rate is set using independent benchmarking data and is reviewed every three years. The last pay benchmarking exercise, which was also undertaken by CELRE Consultancy Ltd, took place in 2018 for Operations

roles. A conscious decision to benchmark ourselves against median salaries in the market, as opposed to the upper quartile, was taken when the organisation was established in 2010, and this approach has continued since. Corporate roles have been benchmarked internally (as and when roles become vacant) since 2014.

- 4.3 CELRE's remit for the current benchmarking exercise was to evaluate whether, in an increasingly competitive recruitment market, the market pay benchmark has increased above LeO's salary scales since the last benchmarking exercise. As part of this process, CELRE analysed each job description for each role, then to the appropriate responsibility level within CELRE's salary survey database. The roles were also assigned to the appropriate job family/function(s) within the database. Data was then adjusted for such factors as geographical location and organisation size.
- 4.4 CELRE's approach to considering the data is to focus on those instances where LEO's current pay level is more than 10% above or below the assessed market medians; differences of less than 10% may be accounted for by a number of factors such as sample size and composition of data. There may also be individual factors at play such as people newly appointed to role (and therefore lower paid) or people long serving in role (and therefore more highly paid).
- 4.5 Operations roles have now been benchmarked; at this stage it would appear that two roles may be out of kilter with comparable national and regional salaries. Benchmarking work on Corporate roles has now commenced - on completion of the Corporate benchmarking exercise the full set of data will be analysed in detail, considered by the Executive team and shared with RemCo as an out-of-committee paper prior to its November meeting. The benchmarking findings also need to be considered alongside a review LeO's total reward and recognition strategy, which in turn needs to be done within an affordability and budget planning context.

5. EDI Update

- 5.1 The EDI Manager has provided an update on analysis of recruitment data for Board members' information. Currently, a partial recruitment dataset has been prepared which covers all recruitment campaigns from 1 April 2021 until January 2022. During the analysis process it became clear that there were a number of issues with the dataset itself and the ease by which additional recruitment data for the remainder of the year could be accessed.
- 5.2 The staff recruitment dataset is large and complex. The format for each recruitment campaign is inconsistent, which does not facilitate meaningful analysis or allow for comparative analysis of the candidate journey from start to end of the candidate journey. Any work on the currently available dataset will take a disproportionate amount of time and resource to analyse

specifically by demographics in order to provide clear recommendations/actions going forward.

- 5.3 This is a large and complex piece of work which will require involvement from colleagues across the organisation and consultation with our staff and our networks. The People Strategy and EDI Strategy have committed to an end-to-end review of the recruitment process, which will include the way in which we report and analyse key EDI recruitment data. It is therefore proposed that this element of the recruitment review is managed as a full project over the next business year with the following workstreams, including but not limited to:
- Data and reporting/ benchmarking
 - Review of recruitment process (include GIAA recommendations)
 - Recruitment & attraction Strategy/ recruitment policies
 - Deliver recruitment training for line manager

6. Update on HR Priorities/Activities

6.1 Payroll

6.1.1 GIAA has recently conducted an audit of LeO's payroll function. The outcome of the audit is still under discussion prior to being finalised; however, a key recommendation within the draft audit findings was consideration of an outsourced payroll model going forward. The audit identified a number of issues with the current in-house payroll model that the Head of People Strategy and Services had already flagged as areas for concern which were subsequently shared with the auditor during the audit process: specifically, too much reliance on laborious, time-consuming manual input and processes, leading to an increased risk of errors and a disproportionate amount of HR time spent on payroll activity each month, to the detriment of other key HR work.

6.1.2 The decision has therefore been taken to move to an outsourced payroll model. We are now working through a transition period, supported by our payroll provider, PBS. It is envisaged we will have a fully outsourced payroll model by August 2022. The small increase in annual costs for the increased level of payroll service by PBS (approximately £6.5k) has been offset through salary savings for the payroll post within the new HR structure; this post will be re-designated as a Payroll Administrator role to reflect the change in payroll support required. The shift to an outsourced model will also have the benefit of increased efficiencies by freeing up time for other members of the HR team to focus on key HR priorities.

6.2 Update on HR Recruitment and Interim HR support

6.2.1 As indicated above, the recruitment process for the new permanent HR vacancies has commenced. An internal appointment has already been made to the Strategic Business Partner vacancy; the Senior HR Services Business

Partner, two Business Partner posts and the HR Co-ordinator role are currently being advertised. The revised payroll role referenced above will be advertised following review of the original job description and person specification; in the meantime, the current temporary payroll member of staff will continue to support payroll activity until an appointment to the new role is made.

- 6.2.2 In order to support the HR team during this challenging interim period, additional support has been sourced via LeO's employment law advisers, Mills and Reeve. A senior HR consultant has been engaged to specifically focus on working through the high volume of complex employee casework and is working closely with LeO's managers to develop and enact action plans to resolve issues. This support will be invaluable in achieving timely resolution to a range of issues, including flexible working applications, grievances and performance cases.
- 6.2.3 We have also retained 3 temporary staff pending recruitment to the permanent roles; these individuals are providing support on a range of activity, including recruitment, low complexity employee casework, payroll and general HR administration. Given the significant resource challenges the Head of People Strategy and Strategic Business Partner are involved in more BAU than would normally be the case in order to ensure key activities are prioritised/maintained during this interim period.

Recruitment from 1 April 2022 to 17 May 2022

Appendix 1

Corporate

Filled				
Job title	No of vacancies filled (heads)	FTE	No of internal appointments in the headcount	Type of vacancy
Strategic HR Business Partner	1	0.8	1	Permanent
Total	1	0.80	1	

In progress (either out to advert or in selection process)

Job title	No of vacancies to fill (heads)	FTE	No of internal appointments in the headcount	Type of vacancy
Senior HR Services Business Partner	1	1		Permanent
HR Business Partner	2	2		Permanent
HR Coordinator	1	1		Permanent
Quality Manager	1	1		Permanent
Project Manager	1	1		Permanent
Quality Officer	1	1		Permanent
Total	7	7	0	

Total corporate recruitment to date	8
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On the horizon/to be re-advertised

Job title	No of vacancies to fill (heads)	FTE	Type of vacancy
Legal Executive/Junior Lawyer	1	1	Permanent
Head of ICT	1	1	Permanent
Payroll/MI Administrator	1	1	Permanent
Service Complaints Officer	1	1	Permanent
Head of External Affairs	1	1	Permanent
Chief Operating Officer	1	1	Permanent
Total	6	6	

Operations

Filled				
Job title	No of vacancies filled (heads)	FTE	No of internal appointments in the headcount	Type of vacancy
Total	0	0	0	

In progress (either out to advert or in selection process)

Job title	No of vacancies to fill (heads)	FTE	No of internal appointments in the headcount	Type of vacancy
Investigator (Cardiff)	8-12			Permanent
Total			0	

Total Operations recruitment to date	8-12
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On the horizon/to be re-advertised

Job title	No of vacancies to fill (heads)	FTE	Type of vacancy
Total			

Recruitment from 1 April 2021 to 21 March 2022

Appendix 1

Corporate

Filled				
Job title	No of vacancies filled (heads)	FTE	No of internal appointments in the headcount	Type of vacancy
EDI Manager	1	1	1	Permanent
Risk Manager	1	1	0	Permanent
Policy Officer	1	1	0	Permanent
Head of People Strategy & Services	1	1	0	Permanent
Finance Manager	1	1	0	Permanent
Performance & BI Manager	1	1	0	Permanent
MI/SQL Specialist	1	1	0	Permanent
Paralegals	2	2	1	Permanent
HR Advisor	1	1	0	FTC
Head of Programmes	1	1	1	Secondment
Interim Finance Manager	1	1	0	FTC to 31st March 2022
EDI Specialist	1	1	0	FTC to 31st March 2022
Programme Manager	1	1	0	FTC
Senior Ombudsman	1	1	1	Secondment
Internal Comms Manager	1	1	0	FTC
HR Advisor (Policy Advisor)	1	1	0	FTC to 31st March 2022
HR Advisor (Recruitment)	1	1	0	FTC to 31st March 2022
HR Advisor	3	3	0	FTC to 31st March 2022
Payroll Officer	1	1	0	Agency
Assistant Organisational Development Partner	1	1	0	FTC
Performance Analyst	1	1	0	Permanent
Legal Manager	1	1	0	Permanent
Stakeholder & External Engagement Manager	1	0.5	0	FTC
Health & Safety and Facilities Officer	1	1	0	Permanent
Executive Support Assistant	1	1	0	Permanent
Enterprise Risk Manager	1	1	0	Permanent
Data Analyst/Power BI Developer	1	1	0	Permanent
IT Development manager	1	1	1	Permanent
Enterprise Risk Manager	1	1	0	Permanent
Executive Support Assistant	1	1	0	Permanent
Total	33	32.50	5	

In progress (either out to advert or in selection process)

Job title	No of vacancies to fill (heads)	FTE	No of internal appointments in the headcount	Type of vacancy
Quality Manager	1	1	0	Permanent
Project Manager	1	1	0	Permanent
Quality Officer	1	1	0	Permanent
Total	3	3	0	

Total corporate recruitment to date **36**

On the horizon/to be re-advertised

Job title	No of vacancies to fill (heads)	FTE	Type of vacancy
Legal Executive/Junior Lawyer	1	1	Permanent
Head of ICT	1	1	Permanent
HR restructure	7	1	Permanent
Service Complaints Officer	1	1	Permanent
Head of External Affairs	1	1	Permanent
Chief Operating Officer	1	1	Permanent
Total	12	12	

Operations

Filled				
Job title	No of vacancies filled (heads)	FTE	No of internal appointments in the headcount	Type of vacancy
GET Advisors	14	14	7	Permanent
In-Bound Call Handlers	7	7	0	Permanent
Investigators (July 2021)	19	18.78	0	Permanent
Team Leaders	5	4.88	1	Permanent & Secondment
L2 Ombudsman	4	3.6	1	Permanent & Secondment
GET Investigators	6	5.6	6	Secondment
L1 Ombi secondment	2	1.83	2	Secondment
Investigator (July 2021)	11	11	0	Permanent
L2 Ombudsman	1	1	1	Secondment
Operations Manager	1	1	0	Permanent
GET Advisors (Sept. 2021)	6	6	0	Permanent
In-Bound Call Handlers (Sept. 2021)	2	2	0	Permanent
Investigator (Sept 2021)	13	13	0	Permanent
GET Team Leader	1	1	0	Permanent
Investigator (Nov 2021)	39	37.25	1	Permanent
GET Advisors (Sept 2021)	2	2	0	Permanent
Level 1 Ombudsman	3	3	2	Permanent
Customer Experience Specialist	1	1	1	Permanent
L2 Secondment	2	2	2	Secondment
Total	139	135.94	24	

In progress (either out to advert or in selection process)

Job title	No of vacancies to fill (heads)	FTE	No of internal appointments in the headcount	Type of vacancy
Total	0	0	0	

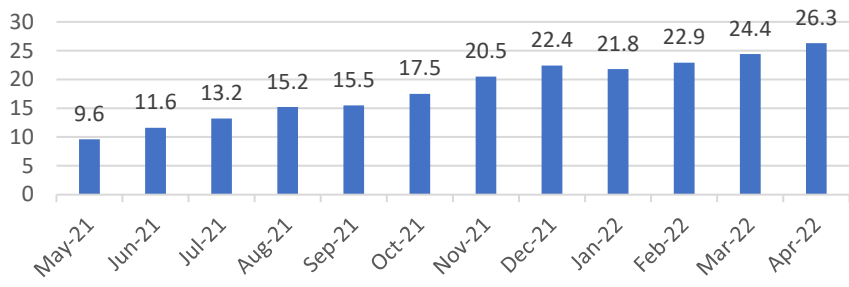
Total Operations recruitment to date **139**

On the horizon/to be re-advertised

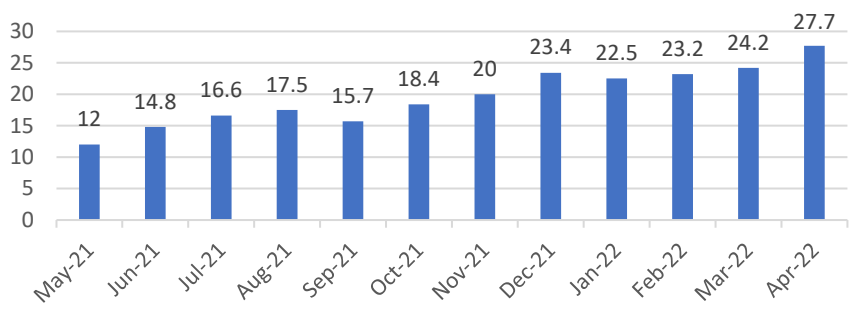
Job title	No of vacancies to fill (heads)	FTE	Type of vacancy
Total			

Appendix 2

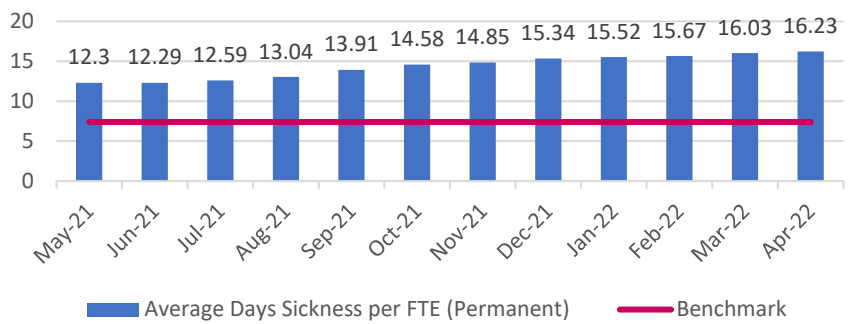
Staff retention - attrition



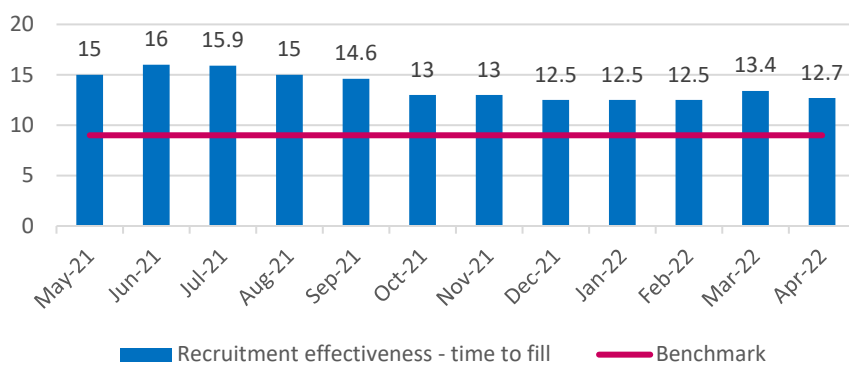
Investigator retention – attrition



Sickness, lost days per head



Recruitment effectiveness – time to fill (weeks)



Our Performance

Analysis/commentary is provided in the main paper. In summary:

- **Attrition** has seen a further increase and now stands at 26.3%. Investigator attrition stands at 27.7%, a 3.5% increase since March 2022.
- **Sickness absence levels** have increased slightly since March to an average of 16.23 days sickness per employee in a rolling year.
- **The time taken to fill vacancies** has dropped slightly to 12.7 weeks in April 2022.